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ZNY CCCCC ZZH
P R 140832Z SEP 06
FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC PRIORITY 8577
INFO RUCNCIS/CIS COLLECTIVE
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUEHVEN/USMISSION USOSCE 1786
RUEHDBU/AMEMBASSY DUSHANBE 9991

C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 001711

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E.O. 12958: DECL: 9/14/2016

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SUBJECT: AMBASSADOR'S FIRST SUBSTANTIVE MEETING WITH TAJIK FOREIGN MINISTER: "I'M NOT COMPETENT IN THAT AREA"

REF: A) STATE 84253 B) DUSHANBE 1655 C) DUSHANBE 1669

CLASSIFIED BY: Tracey A. Jacobson, Ambassador, US Embassy Dushanbe, State.

REASON: 1.4 (b), (d)

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¶1. (C) SUMMARY: Following a Letter of Agreement signing ceremony 9/13 (reftel a), Foreign Minister Nazarov invited Ambassador for a one-on-one meeting to discuss issues she had raised prior to presenting credentials 9/4 (reftel b). While Nazarov could not offer any concrete assistance on any of the issues, citing on a few occasions his "lack of competence in that area," he affirmed that the GOT works with many international NGOs without difficulties and is committed to improving the business climate.

"WE HAVE NOTHING AGAINST NGOS"

¶2. (C) Ambassador raised three recent NGO problems - a planned MOJ "investigation" of Mercy Corps due to a "poison pen" letter from local employees against the expat financial manager, the inability of NDI to register or get a visa for an American director, and refusal of a visa to current World Bank contractor and five year CARE Director Amcit Genny Abel. Taken together, these individual incidents started to look like an anti-NGO trend. Nazarov insisted this was not the case. On Mercy Corps, he said that the GOT really believed it should be up to us (the USG) to "talk to that woman - she's treats everyone rudely - and tell her to act normally." (Note: the case may now be moot, as the ex-pat has decided to take another position in Africa. End Note.) On NDI, he agreed it was wise for the organization to wait until after the elections before trying to register again. When Ambassador asked whether she could count on his support for NDI's registration after November 6, he responded "we'll see." He claimed no knowledge of the Abel visa refusal. In the government's defense, Nazarov said "We work with many NGOs - yours and others. Look at Soros - they've been kicked out of lots of countries around here, but we work with them normally. You can talk about individual people and cases, but if you look at our record, you'll see we have nothing against NGOs."

BUSINESS CLIMATE

¶3. (C) Ambassador noted she hoped to see more American investors in Tajikistan, but emphasized that the environment

(rule of law and sanctity of contracts) needs to improve in order to attract them. Nazarov agreed in general, but cautioned that one must act appropriately when conducting business in Tajikistan. He promised to help resolve problems when they came up, noting that bureaucratic obstacles are easier to remove than legislative problems. Ambassador raised Gerald Metals, and said Tajikistan's attractiveness to foreign investors had fallen due to TadAZ's default on debts to both Gerald Metals and Norsk Hydro, and the resulting unwillingness of insurers to offer private political risk insurance for investments in Tajikistan. Nazarov said this case was extremely complicated; the previous management of the smelter with whom Gerald and Norsk had signed agreements was a "con man" now living in London on his ill-gotten gains. He had stolen both money and equipment and driven the smelter into bankruptcy. The new management was turning a profit for the first time and was no longer indebted to everyone including the power company. Tajikistan had hired lawyers in London - "British, not our people" -- who agreed that the situation created by the previous director was "terrible." In the end, Nazarov said the problem would be resolved by the lawyers, and recommended the Ambassador discuss business interests with either the Minister of Economy or Minister of Industry. Ambassador reminded him that the drop in Tajikistan's prestige over the default would affect the attractiveness of the country in general to investors - not just in the metal trading sphere.

¶4. (C) Ambassador raised problems with air access as a barrier to what could otherwise be a profitable tourism sector (partially motivated by her experiences on a government sponsored trip to Kulyob, traveling on a Yak 40 that had apparently been in service before her birth.) Nazarov agreed entirely, and said President Rahmonov had called a meeting immediately on his return from Kulyob to demand that Tajik Air do something about the state of its aircraft. "We need to get European or American equipment. If we can't afford new, we

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should at least get something that's five or six years old, not 30 or 40 and about to fall out of the sky."

MEDIA AND ELECTIONS

¶5. (C) Ambassador reiterated points from the credentials meeting on fair elections and equal, adequate media access for all candidates. She said that registering and licensing the 6 radio stations established by Internews would be a good sign of Tajikistan's willingness to conduct a good election. Nazarov demurred, saying Ambassador would have to take the issue up with the Minister of Communications.

COMMENT:

¶6. (C) Nazarov spoke relatively freely in the one-on-one format; Ambassador recommended getting together frequently to resolve emerging problems before they become real irritants. We did not expect any progress on the issues raised, and indeed we didn't get any - at least today. We will continue to press both with Nazarov and with other government figures - the minister at least promised to get introductory meetings set up as soon as possible.

JACOBSON